

## OBU010 - INTRODUCTORY FINANCIAL ACCOUNTING

3-4 Semester Hours

Related TAG: Business

### General Course Description

This is a course of study that introduces financial accounting and financial reporting for business entities.

### Learning Outcomes and Academic Skills:

Any introductory course of study in financial accounting that is included in the Business Transfer Assurance Guide must use business-related material to develop the following general learning outcomes and academic skills:

1. **Comprehend the broad role that accounting information plays in the economy\***
2. **Comprehend the nature, purposes and use of basic financial statements by all stakeholders\***
3. **Use the language of accounting and apply the important concepts on which financial reporting is based\***
4. **Analyze the impact of basic business transactions on the financial statements of a business \***
5. **Compile basic financial statements for a business entity\***
6. **Evaluate the financial performance of a business on the basis of its financial statements\***

<b>Body of Knowledge Requirements:</b> Any introductory course of study in financial accounting that is included in the Business Transfer Assurance Guide must provide coverage of <i>at least seventy percent</i> of the following topics:
<b><i>I. The Environment of Accounting</i></b>
1.00 The Role of Accounting in Society 1.01 Importance of financial information and the cost-benefit constraint 1.02 Internal and External users of accounting information 1.03 Auditing and credibility in reporting 1.04 Accounting roles and career opportunities <b>1.05 Ethics, reputation, and legal liability in accounting*</b> 1.06 Types of business organizations
2.00 Accounting Standards and Regulation Structures <b>2.01 Financial statements and generally accepted accounting principles*</b> 2.02 The FASB and financial accounting standards 2.03 Introduction of International Financial Reporting Standards (IFRS) 2.04 Government oversight of accounting and auditing
<b><i>II. The Accounting Model</i></b>
3.00 The Basic Financial Statements <b>3.01 Income statement*</b> <b>3.02 Statement of equity*</b> <b>3.03 Balance sheet*</b> <b>3.04 Statement of cash flows*</b>
4.00 Analysis of Business Activity

<p><b>4.01 The basic accounting equation*</b></p> <p><b>4.02 Income measurement and accrual accounting*</b></p> <p><b>4.03 Impact of simple transactions on the accounting equation*</b></p> <p>4.04 Debits and credits</p> <p>4.05 Accounting records (journals, ledgers, computer systems)</p>
<p>5.00 Preparation of Financial Statements</p> <p><b>5.01 The accounting cycle (trial balances, adjustments, closing) *</b></p> <p><b>5.02 Income statement*</b></p> <p><b>5.03 Statement of equity*</b></p> <p><b>5.04 Balance sheet*</b></p> <p>5.05 Statement of cash flows</p>
<p><b>III. Accounting for Key Domains of Business Activity</b></p>
<p>6.00 Revenues and Receivables</p> <p><b>6.01 Accounting for service and merchandise revenues*</b></p> <p><b>6.02 Reporting customer receivables - allowances and write-offs*</b></p>
<p>7.00 Merchandising and Inventory</p> <p><b>7.01 Accounting for the cost of purchases and sales of merchandise*</b></p> <p><b>7.02 Inventory Accounting Methods (FIFO, LIFO, or Average Cost) *</b></p> <p>7.03 Lower of cost or market valuation</p>
<p>8.00 Management of Working Capital</p> <p><b>8.01 Classification of current assets and liabilities*</b></p> <p>8.02 Accounting for current liabilities (such as short-term notes, payroll, taxes, warranties, or current portion of LT debt)</p> <p>8.03 Accounting for Cash and Cash Equivalents (bank reconciliation or petty cash)</p> <p>8.04 Measures of working capital use (liquidity ratios)</p> <p><b>8.05 General internal control procedures*</b></p>
<p>9.00 Long-Lived Assets</p> <p><b>9.01 Acquisition cost*</b></p> <p><b>9.02 Depreciation accounting and depreciation methods*</b></p> <p>9.03 Book value vs. market value</p> <p>9.04 Accounting for disposition of assets</p> <p>9.05 Accounting for natural resources</p> <p>9.06 Intangible assets</p> <p>9.07 Circumstances that create goodwill in accounting</p>
<p>10.00 Long-Term Debt Financing</p> <p><b>10.01 The nature of liabilities*</b></p> <p><b>10.02 Accounting for long-term debt*</b></p> <p>10.03 Effective interest or straight-line method for discount or premium amortization</p> <p>10.04 Time value of money</p>
<p>11.00 Equity Financing</p> <p><b>11.01 Debt vs. equity*</b></p> <p>11.02 Types of equity (sole proprietorship, corporation, or partnership)</p> <p>11.03 Accounting for stock (issuance, dividends)</p> <p>11.04 Types of stock (preferred, common, treasury)</p>
<p><b>IV. Using Financial Statements</b></p>
<p>12.00 The Annual Report</p> <p>12.01 Accounting elements of annual report</p> <p>12.02 Management elements of annual report</p> <p>12.03 SEC reporting requirements</p>
<p>13.00 Analysis of Financial Statements</p>

- 13.01 Objectives of financial statement analysis
- 13.02 Sources of company information
- 13.03 Financial ratios\***
- 13.04 Data Analytics to analyze financial data

***Note: Body of knowledge and learning outcomes marked with an asterisk (\*) are considered fundamental and essential.***

**BUSINESS TAG: INTRODUCTORY FINANCIAL ACCOUNTING TAG COURSE**  
**FACULTY PARTICIPANTS**  
 February 22, 2023

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